



U.S. Environmental Protection Agency Applicability Determination Index

Control Number: 0000083

Category: NSPS
EPA Office: Region 7
Date: 08/07/1998
Title: Subparts Ka and Kb Custody Transfer
Recipient: Jonathan Lautt
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Subparts: Part 60, Ka, Storage Vess. for Petrol. Liquids (5/19/78 - 7/23/84)
Part 60, Kb, Storage Vessels for VOCs (post 7/23/84)

References: 60.110a
60.110b
60.111a
60.111b

Abstract:

Q. If oil is gathered at wellheads on producing oil lease locations and is transported by trucks to tanks located at a nearby pipeline terminal, are the tanks at the terminal subject to NSPS Ka or Kb?

A. Both NSPS Ka and Kb state that the Subparts do not apply to vessels with a design capacity less than or equal to 1,589.874 m3 used for petroleum or condensate stored, processed, or treated prior to custody transfer. The Subparts would not apply if the oil is not treated or processed (which would include the removal of excess water) at the lease locations prior to loading into the trucks.

Letter:

August 7, 1998

Jonathan Lautt
Husch & Eppenger, LLC
1200 Main Street, Suite 1700
Kansas City, MO 64105-2100

Dear Mr. Lautt:

This is in response to your request letter dated June 30, 1998, on behalf of your client, Crude Marketing, for an applicability determination under the New Source Performance Standards (NSPS) 40 CFR Part 60, Subparts Ka and Kb. Your letter stated that Crude Marketing has been notified by the Kansas Department of Health and Environment (KDHE) through an Administrative Order that three crude oil storage tanks owned by Crude Marketing located at Humboldt, Kansas are allegedly in violation of certain requirements of the NSPS Subparts Ka and Kb. This determination has been requested with the knowledge and support of KDHE in an attempt to resolve these issues.

We have reviewed the information and it is our understanding that Crude Marketing gathers crude oil at the wellhead on producing oil lease locations. The oil is loaded on trucks at the lease locations and is hauled to the nearest pipeline terminal. It was stated that most of the oil Crude Marketing buys is not treated or processed at the lease and has excess water in it when it is loaded from the lease tanks onto the trucks.

Under the applicability and designation of affected facility section of both NSPS Subparts Ka and Kb, it is stated that the Subparts do not apply to "vessels with a design capacity less than or equal to 1,589.874 m3 used for petroleum or condensate stored, processed, or treated prior to custody transfer". Both Subparts define custody transfer as "the transfer of produced petroleum and/or condensate, after processing and/or treatment in the producing operations, from storage vessels or automatic transfer facilities to pipelines or any other forms of transportation".

One of the key points in the definition of custody transfer involves the transfer of petroleum and/or condensate after processing and/or treatment in the producing operations. The process and/or treatment could involve several forms such as

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physical separation (removal of water), chemical treatment, etc. Since the capacity of the three tanks at the Humboldt facility are less than or equal to 1,589.974 m3, the Subparts would not apply as long as they solely receive oil purchased by Crude Marketing that is not treated or processed at the lease locations when it is loaded from the lease tanks onto trucks. Conversely, if a tank receives any oil that has been treated or processed at the lease locations (which would included the removal of excess water) when it is loaded from the lease tanks onto trucks, the tank would be subject to the appropriate Subpart.

The phrase used in your letter that "most of the oil Crude Marketing buys is not treated or processed" suggests that both treated/processed and untreated/unprocess oil is purchased by Crude Marketing. In the absence of further information on the type and destiny of the oil purchased, a tank specific applicability determination can not be provided at this time. A review of the oil each tank is expected to receive should be conducted and the above guidelines applied to each tank to determine the applicability of the appropriate Subpart. If treated/processed oil is purchased by Crude Marketing, one tank may be designated to receive the oil without subjecting the other two tanks to the regulations.

If you have any questions, you may contact the member of my staff most familiar with this issue, Bill Peterson, at (913) 551-7881.

Sincerely,

Donald C. Toensing
Chief
Air Permitting & Compliance Branch

cc: Gary Miller,
KHDE
Ynonne Anderson,
KDHE